

6. Cost Estimates. It is estimated that the annuities of 30 retirees and 3 survivors would be affected by the proposed initial annuity increase of 6.1 per cent. Based on an average retiree annuity of \$6000, the annual increase per annuitant would be \$366, making a total of \$10980 for the entire group of retirees. Based on an average survivor annuity of \$3300, the annual increase per annuitant would be \$201, making a total of \$603 for the entire group. Thus the total additional cost of the proposed initial increase of 6.1 per cent would be \$11,583 per year.

However, the first-year cost would be somewhat less since the increase would apply only to the seven-month period from December 1965 through June 1966. On this basis, the first-year cost would be 7/12 of the annual cost, or \$6755.

In the absence of actuarial experience under the CIA retirement system on which to base a long range estimate, the current estimate of annual cost has been projected on a full year basis over fiscal years 1967 through 1970 for a total of \$46,332. This figure added to the FY 1965 estimate of \$6755 produces an estimated additional cost of \$53087 for the first five fiscal years during which the proposed initial increase would apply.

There appears to be no feasible basis for estimating the additional costs which might result from further annuity adjustments based on the ~~modified~~ ^{revised} formula for granting future cost-of-living increases.